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Function No. 20000 - General Accounting	TOPIC PETTY CASH
Section No. 20300 - Cash Disbursements Accounting	DATE 4/1/95

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OVERVIEW

This topic describes the accounting policies and procedures to be used in handling State Petty Cash Funds by all agencies of the Commonwealth of Virginia.

POLICY

A petty cash fund is established to handle emergency purchases or purchases which must be paid for immediately. A petty cash fund should not be used when an agency billing can be arranged and where the purchase can be paid for through the normal vendor payment process using the Department of Accounts (DOA) and the State Treasurer's established procedures. *Agency employees should be encouraged to arrange for bills/invoices to be submitted to the agency for payment, or when appropriate, use the Commonwealth Small Purchases Charge Card.* Most payments for goods and services will be made according to the procedures established in other sections of this manual regarding purchasing requirements, vendor payments, and travel. All purchases and petty cash reimbursements must adhere to State procurement requirements.

Agencies are strongly encouraged to obtain Small Purchases Charge Cards to use in lieu of petty cash. Also, all petty cash funds in excess of \$200 must be reimbursed through the Commonwealth of Virginia's Financial EDI Program.

PROCEDURES

100 Definitions

Change Fund: A specific amount of money placed in the custody of an individual. These funds are to be used to make change for services rendered by an agency.

Imprest: A specific amount established for a monetary fund and placed in the custody of a petty cashier who is accountable for that precise sum. The combination of cash, paid petty cash receipts, receipts for advances, and unpaid reimbursement vouchers must equal the total amount of the fund at all times.

Petty Cash Fund: An imprest fund established through an advance of funds by the Comptroller to a State agency for making immediate cash payments for authorized purposes. The petty cash fund is replenished periodically by submitting to DOA a Petty Cash Reimbursement Voucher and receipts to support the disbursements made from the fund.

Petty Cash Fund Cashier or Custodian: A State employee who is designated as an agent of the agency head and is responsible for the petty cash fund. The cashier or custodian is authorized to disburse petty cash and sign checks.

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PROCEDURES (Continued)

200 Petty Cash Funds

201 Establishing a Fund

The authority to establish petty cash funds is in the Code of Virginia, § 2.1-229: "A reasonable petty cash, payroll or other imprest fund may be allowed each State Department, Institution, Board, Commission or other Agency. *The amount of such fund or funds shall be fixed and is subject to audit and reimbursement by the State Comptroller.*"

To establish a petty cash fund, a request signed by the Agency Head or Fiscal Officer should be made to the Manager, General Accounting, at DOA. The request should answer the following questions:

1. What amount of petty cash is needed?
2. For what purposes and their frequency will expenditures be made from the fund?
3. What is the amount and purpose of the largest single payment that you will authorize from the fund?
4. What will be the advantage of your agency having a petty cash fund?
5. What will be the sources of receipts into the fund?
6. Who will be the cashier or custodian of the fund?
7. Will a checking account be utilized? If a bank will not be used for all or part of the fund, what security will agencies implement to safeguard these funds?
8. Who will be authorized to sign checks?
9. Who will review and approve the disbursements and reimbursement vouchers?
10. What other comments or information are pertinent for the establishment of the fund?

The agency must also submit a properly completed Accounting Voucher, Form DA-20-250, with appropriate transaction codes. The document must be batched with a Batch Header. The State Comptroller will review the request, and if approved, establish the petty cash fund.

202 Increasing a Fund

To increase a petty cash fund, a request signed by the Agency Head or Fiscal Officer must be made to the Manager, General Accounting at DOA. A properly completed Batch Header, Form DA-02-176, and an Accounting Voucher, Form DA-20-250, with the appropriate transaction codes, must accompany the request. Do not key this batch into CARS. The request should include the purpose of and sufficient justification for the increase.

As supporting evidence of the need for the increased fund level, copies of each Petty Cash Reimbursement Voucher submitted to DOA for reimbursement for the past six months must be included with the request. Also, for the same time frame, submit a schedule showing balances of the petty cash fund which are not normally reimbursable, such as change funds or permanent travel advances. You will be notified of the approval or denial of the request. If this request is approved, DOA will submit the batch for processing.

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PROCEDURES (Continued)

200 Petty Cash Funds (Continued)

203 Reducing a Fund

DOA periodically reviews petty cash funds to ensure that funds are used for the proper purposes, only the necessary funding level is maintained in each account, and sufficient justification exists to continue to operate a petty cash fund.

If an agency or DOA determines that the amount of the agency's petty cash fund should be reduced, the agency deposits the amount of the reduction to the credit of the Treasurer of Virginia using a Deposit Certificate or Deposit Ticket. The deposit is recorded in CARS with Transaction Code 002, GLA 103.

204 Dissolving a Fund

If an agency determines that it no longer has sufficient justification to maintain a petty cash fund, a deposit to the credit of the Treasurer of Virginia for the full amount advanced will dissolve the fund.

300 Petty Cash Uses and Dollar Limits

This subsection describes the authorized purposes for which disbursements may be made from petty cash and maximum dollar limits. No other disbursements shall be made from petty cash funds. Agencies may supplement these policies where appropriate. However, these policy limits shall not be exceeded.

Petty cash funds should not be used to circumvent the State purchasing requirements or as a substitute for the normal processing of vendor payments. The funds are to be used only for emergency purchases or services, or for immediate payments (where goods or services will not be provided without immediate payment). As a general rule, petty cash funds may be used to make payments for the following reasons and are limited as follows:

1. *Immediate payments to vendors when delayed payment (where goods or services will not be provided without immediate payment) is unacceptable. Immediate payments to vendors may not exceed \$200 in cash/coin and \$750 by check, except in emergency situations. Agencies are strongly encouraged to obtain Small Purchases Charge Cards to use for immediate payments to vendors.*
2. When an emergency situation occurs and immediate payment is required, payments should not exceed \$200 in cash/coin and \$3,000 by check. (All purchasing requirements must be followed.)
3. Travel advances for authorized travel if sufficient notice to request an advance through normal channels is not possible. Advances for travel must not exceed \$500 and should be temporary. Permanent employees who travel on a regular basis should obtain a Travel Charge Card. Permanent travel advances are strongly discouraged.

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PROCEDURES (Continued)

300 Petty Cash Uses and Dollar Limits (Continued)

4. Reimbursements of occasional travel expenses. Reimbursements for travel are limited to \$100 per trip per traveler and must be supported by a Travel Expense Reimbursement Voucher. Refer to CAPP Topic No. 20335, "State Travel Regulations," for form preparation, approval, and supporting documentation requirements.
5. To establish change funds (No Limit Established).
6. Emergency payment of a new employee's first paycheck. Occasional emergency payments for the first paychecks to new employees of amounts not to exceed their calculated net pay.

Any other type of payment, loan or advance to any person from petty cash funds is not permitted without an approved exception. The agency head or fiscal officer must put all requests for exceptions in writing to the Manager, Disbursements Review and Assistance, at DOA for review and approval.

Proper documentation must be maintained for all disbursements made from petty cash. The petty cash custodian shall have the required documentation approved by the authorized management within the agency or institution.

301 Petty Cash Restrictions

In addition to the above, there are some uses of petty cash that are strictly prohibited. These include:

- *All expenditures for capital outlay projects;*
- *Contractual payments (e.g., for maintenance, service, and consultants); and,*
- *Installment purchases (e.g., buying an item and paying for it through a series of payments from the petty cash fund) that are in excess of the amounts stated above.*

However, during an emergency situation, an exception may be requested by the Agency Head or designee from the Manager, Disbursements Review and Assistance, at DOA.

Petty cash funds may also be used for immediate payment for "emergency purchases" which are defined as purchases of materials, supplies, equipment, and services to meet a need requiring immediate action that will not permit the time involved in routine payment procedures.

"Emergency" situations requiring immediate acquisition of materials, supplies, equipment and services for which immediate payment is required may be handled through the petty cash checking account.

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PROCEDURES (Continued)

300 Petty Cash Uses and Dollar Limits (Continued)

302 Immediate Payments to Vendors

Petty cash funds should be reserved for small purchases usually from local vendors on a non-recurring basis: (1) When vendors are reluctant to honor small purchase orders and (2) when provisions for delayed billing/payment arrangements by vendors are impractical.

When the petty cash fund is used for vendor purchases, it must not be used as a means of bypassing the established purchasing procedures in order to avoid State contract items or to avoid bid procedures. Centralized purchasing is mandatory under the Code of Virginia. Procurement of goods and services must be done through the normal channels of purchase as directed by law and regulation. Agencies should also consult the Directives of the Director of the Department of General Services, Division of Purchases and Supply, in effect at that time. When the normal channels of purchase are used, the Commonwealth of Virginia secures a discount from the vendor, a lower price is secured through competitive bidding and no State sales tax is paid on purchases.

A "Sales and Use Tax Certificate of Exemption" Form ST-12 must be given to vendors so that the agency will not have to pay sales tax on purchases from these vendors. **A sample of this form follows this subsection.** Exemption forms may be obtained from the Department of Taxation, Sales and Use Tax Division.

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Department of Taxation
Form ST-12

**COMMONWEALTH OF VIRGINIA
SALES AND USE TAX CERTIFICATE OF EXEMPTION**

(For use by the Commonwealth of Virginia, a political subdivision
of the Commonwealth of Virginia, or the United States)

To: _____ Date: _____, 19____
(Name of dealer)

(Number and street or rural route) (City, town, or post office) (State and ZIP Code)

The Virginia Retail Sales and Use Tax Act provides that the Virginia sales and use tax shall not apply to tangible personal property for use or consumption by this State, any political subdivision of this State, or the United States. (This exemption does not apply to sales or leases to privately owned financial and other privately owned corporations chartered by the United States.)

The undersigned, for and on behalf of the governmental agency named below, hereby certifies that all tangible personal property purchased or leased from the above named dealer on and after this date will be for use or consumption by a governmental agency, that each such purchase or lease will be supported by the required official purchase order, and that such tangible personal property will be paid for out of public funds: (Check proper box below.)

- ☐ 1. Tangible personal property for use or consumption by the Commonwealth of Virginia.
☐ 2. Tangible personal property for use or consumption by a political subdivision of the Commonwealth of Virginia.
☐ 3. Tangible personal property for use or consumption by the United States.

(Name of governmental agency)

(Number and street or rural route) (City, town, or post office) (State) (ZIP Code)

I certify that I am authorized to sign this Certificate of Exemption and that, to the best of my knowledge and belief, it is true and correct, made in good faith, pursuant to the Virginia Retail Sales and Use Tax Act.

By _____
(Signature) (Title)

Information for dealer.—A dealer is required to have on file only one Certificate of Exemption properly executed by the governmental agency buying or leasing tax exempt tangible personal property under this Certificate.

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PROCEDURES (Continued)

300 Petty Cash Uses and Dollar Limits (Continued)

303 Travel Advances

Petty cash funds will not be increased by the Comptroller to accommodate advances for travel money. *Temporary and permanent travel advances are available to employees who travel on official State business. Non-decentralized agencies must submit an Accounting Voucher to DOA at least ten (10) working days prior to the departure date to ensure enough time to issue a check for the travel advance amount.* Travel Charge Cards reduce the need for travel advances. *Decentralized agencies should allow seven (7) working days for the processing of travel advances.* CAPP Topic No. 20335, "State Travel Regulations," includes procedures for requesting temporary travel advances.

- Permanent Travel Advances

State agencies are strongly discouraged from issuing permanent travel advances from petty cash. However, State agencies have the authority to grant permanent advances from petty cash in limited circumstances to frequent travelers. The advances are to be paid back in to the petty cash fund when the employee ceases traveling on a regular basis or upon termination from the State agency. If the advance is not returned, the Agency Fiscal Officer shall take action to deduct the advance from the employee's paycheck. Travel Charge Cards are a more prudent method of advancing the funds travelers need. State funds are tied up on a long-term basis. With permanent travel advances, financial benefit occurs by taking advantage of the float obtained by using Travel Charge Cards.

The information provided on a "Permanent Travel Advance Request," if other alternatives are not feasible, should minimally include:

- Request date
- Amount of request
- Signatures of the requestor and approving official

When the advance check is issued, the following information should be recorded:

- Date issued
- Name of issuing individual
- Check amount
- Check date
- Check number
- Check recipient

Repayment should be recorded to include:

- Date of receipt
- Amount
- Type of payment
- Receiving individual

A sample request form follows this subtopic. Each agency is encouraged to develop and use a form that satisfies its specific needs.

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PERMANENT TRAVEL ADVANCE REQUEST

REQUESTOR _____

REQUEST DATE _____

AMOUNT OF REQUEST _____

The permanent travel advance requested is for travel expenses to be incurred on a continuing basis. I will promptly file vouchers for reimbursement of travel expenses in order to maintain these funds. I will repay the advance when extensive travel is no longer required on before I leave the employ of the State. I understand and agree that this advance may be deducted from my salary check if I fail to make repayment.

Signature of Requestor

Approved by Supervisor or Dept. Head

Signature of Fiscal Officer

=====

ADVANCE PAYMENT

Date Travel Advance Issued: _____ Check Date: _____

Check Amount: \$_____ Check Number: _____

Travel Advance Issued By: _____

Travel Advance Received By: _____
(Signature)

=====

ADVANCE REPAYMENT

Date Repayment Received: _____

Amount: \$_____ _____ Cash _____ Check

Fiscal Officer or Petty Cashier

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PROCEDURES (Continued)

300 Petty Cash Uses and Dollar Limits (Continued)

303 Travel Advances (Continued)

- Temporary Travel Advances

A temporary travel advance may be made from petty cash funds to an employee traveling on State business. *Non-decentralized agencies should submit temporary travel advances to DOA at least 10 working days prior to the departure date. Decentralized agencies should allow seven (7) working days for processing.*

The employee shall repay the advance when he is reimbursed for the actual expenses incurred and in all cases not more than 60 days after receipt of the advance. Accounting for the repayment of a temporary travel advance is discussed in CAPP Topic No. 20335, "State Travel Regulations."

The information provided in a "Temporary Travel Advance Request" should minimally include: Request date, amount, area and destination of travel, inclusive dates, purpose of travel, and the signatures of the requesting individual and approving official. Issue and repayment information is the same as for the "Permanent Travel Advance" in Subsection 302.

The following exhibit is a suggested form for a temporary travel advance request. Each agency is encouraged to develop and use a form that satisfies its specific needs.

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DEPARTMENT OF ACCOUNTS
REQUEST FOR TRAVEL AUTHORIZATION/ADVANCE

PART A - GENERAL INFORMATION

EMPLOYEE NAME	SOCIAL SECURITY NO.	DATE
DEPARTMENT	TELEPHONE NO.	
CHECK REASON FOR TRAVEL <input type="checkbox"/> State Business <input type="checkbox"/> Conference/Convention <input type="checkbox"/> Staff Training <input type="checkbox"/> Other	EXPLAIN REASON FOR TRAVEL (include destination)	

PART B - TRAVEL DESCRIPTION

CHECK	DEPARTURE			ARRIVAL			ESTIMATED COST
AIR RAIL	CITY	DATE	TIME	CITY	DATE	TIME	
			— AM — PM			— AM — PM	
			— AM — PM			— AM — PM	
			— AM — PM			— AM — PM	
HOTEL ▷	Name	Dates Needed		Total Number of Nights		<input type="checkbox"/> Single <input type="checkbox"/> Twin	
CAR RENTAL ▷	City	<input type="checkbox"/> Downtown <input type="checkbox"/> Airport		Dates Needed		Total Number of Days	
TYPE ▷	FULL-MID-COMPACT			PICKUP POINT			
				DROP-OFF POINT			
OTHER:							
TOTAL ▷							

APPROVED:

Signature of Traveler

Supervisor

Assistant Comptroller
or Director

Comptroller

ADVANCE REQUIRED IN AMOUNT OF \$

I agree to repay the advance as soon as I have been reimbursed for the actual expenses incurred. I understand and agree that this advance may be deducted from my salary paycheck if I fail to make prompt repayment.

PAYMENT RECEIVED:

Signature of Traveler

Date: Amount: \$ Check No.

Payment Received By:

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PROCEDURES (Continued)

300 Petty Cash Uses and Dollar Limits (Continued)

304 Travel Reimbursement

Petty cash funds may be used to reimburse an employee for approved travel expenses incurred up to \$100 per trip per traveler. All travel expenditure reimbursements, whether from petty cash or those processed by DOA, must be made using the Travel Reimbursement Voucher, Form DA-02-041. Signature approval on the form must be in accordance with instructions included in CAPP Topic No. 20335, "State Travel Regulations."

305 Emergency Pay Checks

Emergency payroll payments may be made to new permanent employees and weekly, daily, part-time or temporary employees. Each category is discussed below.

- For New Permanent Employees

Agencies are discouraged from making salary payments to new employees out of petty cash because procedures are available for adding permanent employees to the agency payroll without delay. In an emergency, the agency head has the authority to provide a payroll payment up to the amount of the new employee's first net paycheck, or up to the maximum available in the petty cash fund. Of course, any payroll payment must be repaid when the employee receives his/her first salary check.

- For Weekly, Daily, Part-time or Temporary Employees

A limited number of State agencies have been granted petty cash funds for the specific purpose of issuing payment of wages for weekly, daily, part-time, or temporary employees. Any such use must have the written approval of the Manager, Disbursements Review and Assistance, in DOA.

306 Maintenance of Change Funds

Change funds are only to be used where necessary and required. The number of change funds may vary with the number of cash registers or with the number of locations at which cash sales are made or collections are made on account. Change funds should require no replenishment. The amount of each change fund remains constant and that amount is withheld at the close of each day from the total cash accumulated in the register or drawer.

307 Cashing Checks from Petty Cash Funds

As a general rule the practice of cashing checks out of petty cash funds for any reason and by any person is not permitted. However, the agency head or fiscal officer may request an exemption by submitting a written request to the Manager, Disbursements Review and Assistance, in DOA, for review and approval. Any checks that may be cashed must be presented to a bank for payment promptly and the cash returned to the petty cash fund.

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PROCEDURES (Continued)

300 Petty Cash Uses and Dollar Limits (Continued)

308 To "Make Good" or Purchase Dishonored Checks

Bad checks are checks that have been received by a State agency and deposited to a State bank account and later have been rejected by the bank for such reasons as:

- Insufficient funds
- Stopped payment
- No account
- Account closed

State petty cash funds may be used to purchase and acquire the bad checks from the bank. Another procedure that may be used is to process an accounting voucher (Form DA-20-250) through DOA and obtain a check payable to the bank. When coding Form DA-20-250 to obtain a check to acquire bad checks from the bank, the Vendor Indicator field should be coded with the letter "O," the bank's employer identification number and an appropriate suffix.

Bad checks should be charged back immediately to the person from whom received or, if it is found that the reason for nonpayment has been eliminated, should be redeposited without delay. When cash is collected from the maker of a bad check, which was originally purchased back from the bank with petty cash funds, deposit the cash into the petty cash fund to replenish the fund. Each agency should take action to collect on bad checks using its own internal resources. (See CAPP Topic No. 20505, "Accounts Receivable.") Each agency should use all leverage and recourse actions it has available if the check is not made good.

After reasonable efforts to collect from the party who wrote the bad check have failed, and if petty cash funds were used, a Revenue Refund Voucher, Form DA-02-181 (see CAPP Topic No. 20325, "Revenue Refunds") may be submitted to reimburse the petty cash fund for the "written off" bad checks. The original bad check must be attached to the Revenue Refund Voucher. When coding Revenue Refund Vouchers for bad checks, be sure they are coded consistently with the original deposit. The Revenue Refund Voucher must be made payable to the agency petty cash fund.

Even after bad checks have been "written off" and petty cash has been reimbursed, each agency should continue efforts to collect from the one who wrote the check. When a recovery is made on a "written off" bad check, be sure to credit the same account that was debited when the bad check was written off. Refer to the Transaction Code Decision Table (see CAPP Volume 2, Topic No. 60103, "Transaction Codes") for the transaction codes to properly record the purchase, write off and collection of bad checks.

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PROCEDURES (Continued)

400 Year-End Requirements

At every fiscal year-end all agencies with outstanding petty cash fund advances from DOA are asked to confirm the amount advanced. Petty cash must be accounted for as of the close of business June 30th of each fiscal year.

Petty cash fund confirmation documents are subject to change periodically. Refer to DOA's special Year-End Closing Procedures which are issued in June of each year for specific information concerning the Petty Cash Confirmation document for certification and reconciliation procedures.

500 Petty Cash Reimbursement Voucher

501 General

The Petty Cash Reimbursement Voucher will be used by all State agencies to obtain expenditure reimbursements to the Petty Cash Fund. Acceptable receipts are used to prepare the Petty Cash Reimbursement Voucher to document the expenses incurred. Recovered "bad checks" will be reimbursed by using the Revenue Refund Voucher, Form DA-02-181. The following paragraphs explain general requirements and detailed instructions for completing the Petty Cash Reimbursement Voucher.

The cashier/custodian must request reimbursement on the Petty Cash Reimbursement Voucher, Form DA-02-040, at least once a month if the amount to be reimbursed is at least \$25.00. If the amount to be reimbursed is less than \$25.00, reimbursement should be requested at least quarterly and always at the end of the fiscal year (June 30). Receipts must be obtained for all disbursements and accompany the reimbursement voucher.

502 Form Preparation

The following instructions apply to Form DA-02-040. **A sample of the Petty Cash Reimbursement Voucher is included after these instructions.**

Agency Information Section

- 1 **AGENCY** Code number and name of Agency.
- 2 **PERIOD COVERED** Month, day, and year of beginning (From) and end (To) of the period covered by this voucher.

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500 Petty Cash Reimbursement Voucher (Continued)

502 Form Preparation (Continued)

Agency Information Section (Continued)

- | | | |
|---|---------------------------------------|--|
| 3 | AGENCY NAME | <p><i>Name of the Agency.</i></p> <p><i>There are two methods of entering the Agency name and title. The first is to type the name and title on the Petty Cash Reimbursement Voucher. The second is to enter a vendor indicator of "T," the Agency vendor identification number, and 2 digit vendor suffix that will retrieve all necessary information associated with the Agency from the CARS Vendor Edit Table.</i></p> <p><i>NOTE: If your Petty Cash Reimbursements are deposited in your account via Financial EDI the agency's name and not the Petty Cash Custodian's name should appear in this section.</i></p> |
| 4 | ADDRESS | <p>Agency Business address of the Petty Cashier/Custodian.</p> <p>NOTE: See CAPP Topic No. 20310, "Expenditures," for detailed requirements on entering name and address.</p> |
| 5 | TAXPAYER IDENTIFICATION NUMBER | <p><i>Taxpayer Identification Number of the Agency directly under the "Make Check Payable To" block.</i></p> |

Reconciliation Section

- | | | |
|----|---------------------------------------|--|
| 6 | BALANCE PER LAST REPORT | Dollar amount shown in item 10 on last report. |
| 7 | REIMBURSEMENT LAST REPORT | Dollar amount shown in item 9 on last report. |
| 8 | TOTAL | Add items 6 and 7 together. |
| 9 | AMOUNT CLAIMED ON THIS VOUCHER | Total appearing in "Amount Certified for Payment" (item 14). |
| 10 | BALANCE IN BANK OR ON HAND | Subtract item 9 from item 8 and enter difference here. This should equal your actual cash in the bank and on hand plus any outstanding advances. |

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500 Petty Cash Reimbursement Voucher (Continued)

502 Form Preparation (Continued)

Detailed Accounting Section

- 11 **DATE OF PAYMENT PETTY CASH, CHECK NUMBER, TO WHOM PAID, AMOUNT** Enter appropriate information from petty cash check receipts in chronological order. Include all "voided" checks, but leave Amount column blank for "Voided Checks." Exclude advances.
- 12 **TOTAL** Total dollar amount for all items appearing in Block 11.

NOTE: If more space is needed, use a Petty Cash Continuation Sheet (Form DA-02-040A). Enter the total of the detailed amounts on each sheet in the respective Sheet Total block.

- 13 **TOTAL SHEETS 2 - 4** Total amount from each additional sheet.
- 14 **AMOUNT CERTIFIED FOR PAYMENT** Total dollar amount of all sheets. (Items 12 + 13).
- 15 **CONTINUATION SHEETS** Check the block if Expenditure Distribution Continuation Sheets are attached.

Certification and Expenditure Distribution Sections

All five blocks in the Certification Section and at least one grid in the standard Expenditure Distribution Section must be completed. See CAPP Topic No. 20310, "Expenditures," for detailed instructions in coding each of the information/data items.

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DA-68-848 (7-88)
COMMONWEALTH OF VIRGINIA
DEPARTMENT OF ACCOUNTS

PETTY CASH REIMBURSEMENT VOUCHER

AGENCY ①
PERIOD COVERED FROM ②

MAKE CHECK PAYABLE TO:

③		
④		
SSN OR FIN:	CITY ⑤	ST ZIP
VENDOR ID.	SUFFIX	

RECONCILIATION OF ACCOUNT	
BALANCE PER LAST REPORT	⑥
REIMBURSEMENT LAST REPORT	⑦
TOTAL	⑧
LESS AMOUNT CLAIMED ON THIS VOUCHER	⑨
BALANCE IN BANK OR ON HAND \$	⑩

DATE OF PAYMENT	PETTY CASH CHECK NUMBER	TO WHOM PAID	AMOUNT
⑪	⑪	⑪	⑪
DEPARTMENT OF ACCOUNTS I certify that the amount listed herein is correct and proper calculations have been performed to determine the amount. Further, this refund is in compliance with applicable State regulations. Initial _____ VOUCHER NUMBER _____ DATE (MM/DD/YY) _____			TOTAL ⑫ TOTAL SHEET 2 TOTAL SHEET 3 ⑬ TOTAL SHEET 4 AMOUNT CERTIFIED FOR PAYMENT ⑭

TRANS	AGENCY	GLA	FUND	FFY	PROGRAM	OBJECT	REVENUE SOURCE	AMOUNT	PROJECT
			FUND DET		PROG SUB ELE				PROJECT TX PH
COST CODE	FIPS	PSD	AGENCY REFERENCE		DATE	INVOICE NUMBER	DUE DATE MM DD YY	REFERENCE DOC NUMBER	5X
DESCRIPTION					CURRENT DOCUMENT NUMBER	SX	SUBSIDIARY ACCOUNT	MULTI-PURPOSE	CHECK IF EXPENDITURE DISTRIBUTION CONTINUATION SHEETS ARE ATTACHED ⑮

ORIGINAL

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REPLACEMENT PAGE
(7/1/95)

PROCEDURES (Continued)

500 Petty Cash Reimbursement Voucher (Continued)

502 Petty Cash Reimbursement - Financial EDI

Agencies having petty cash funds in excess of \$200 are required to process petty cash reimbursements through the Commonwealth of Virginia's Financial EDI payment system. Transmitting payment and payment related information saves both the agency and the Commonwealth the administrative cost of processing and receiving paper checks.

*Most agencies have elected to receive petty cash reimbursement remittances from the Commonwealth's Value Added Network (VAN) via a paper facsimile. **(Sample included on the following page.)** Please file the fax remittance advice with your bank reconciliation workpapers.*

*All fax document charges for petty cash reimbursements are incurred by DOA. **If you need a fax resent, please contact the Department of Accounts EDI Fax Resend Hotline at (804) 692-0473.** The following information is required to have a fax resent:*

- *Settlement date*
- *Payment trace number*
- *Name and phone number (including area code) of the person requesting the fax resend.*

The settlement date and payment trace number can be obtained through CARS checkwrite reports, or from CARS option 65 and 66 vendor payment inquiry screens.

Please speak slowly when providing this information to the hotline. All faxes will be resent within 24 hours of your request.

Agencies are encouraged to develop more automated procedures for recording these reimbursements. State agencies are beginning to apply petty cash and other reimbursements electronically. This allows State agencies to receive electronic files from their bank or from the VAN, which can be downloaded into their cash application system.

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** X12.4 Remittance/Payment Advice **
 ** Remittance Information Only **
 ** Credit **

MONETARY AMOUNT: 488.36

CONTROL# 000000081

PAYMENT METHOD: Automated Clearing House (ACH)
 PAYMENT FORMAT: Cash Concentration/Disbursement plus Addenda (CCD+) (ACH)
 DFI ID NO QUALIFIER: ABA Transit Routing Number Including Check Digits (9)
 DFI ID NUMBER: 051400648
 ACCOUNT NUMBER QUAL: Demand Deposit
 ACCOUNT NUMBER: 0000 0026
 ORIGINATING COMPANY ID: E546001745
 DFI ID NO QUALIFIER: ABA Transit Routing Number Including Check Digits (9)
 DFI ID NUMBER: 251082615
 ACCOUNT NUMBER QUAL: Demand Deposit
 ACCOUNT NUMBER: 56611
 EFFECTIVE ENTRY DATE: 02/28/95
 TRACE: Current Transaction Trace Numbers=T0021087
 REFERENCE: Batch Number=0224952158
 Transaction Creation = 02/24/95 22:56PM

-----** Payee **-----
 DEPARTMENT OF ACCOUNTS-PETTY CASH 54600173672 FI
 PO BOX 1971
 RICHMOND, VA 23219 (COUNTRY: US)

-----** Payer **-----
 COMM OF VA
 CONTACT: Accounts Payable Department: DEPARTMENT OF ACCOUNTS
 Telephone 8043718383

MONETARY AMOUNT: 488.36
 Mutually Defined: A151950222P304
 REFERENCE: Mutually Defined=OT MEALS M MADISON INV DESC
 REFERENCE: Voucher=15150956

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INTERNAL CONTROL

The agency fiscal officer has the authority to require the use of any forms and procedures considered necessary for proper internal control of petty cash funds. However, at minimum, the agency must adhere to the following internal controls.

There shall be at least two people handling petty cash:

1. A cashier or custodian who is primarily responsible for the petty cash funds, signs checks, and disburses the actual cash; and,
2. An authorized official or employee who reviews and approves payments and disbursement vouchers, but does not have the authority to sign checks or disburse actual cash.

The safeguard benefits of an internal control system can be obtained by a separation of duties so that no one person has solitary control of cash received and/or disbursed out of the petty cash fund. Therefore, if practical and feasible, the reconciliation of the monthly petty cash bank statement shall be performed by someone who does not sign checks or approve payments. If it is not feasible to have both a custodian and an approving official, the agency head or fiscal officer must document all exceptions in writing and send them to the State Comptroller for review and approval. The bank statement should be delivered to the person responsible for reconciliation directly from the bank, unopened, and should remain in his sole control until the reconciliation has been completed.

Additionally, if the payments under review by the authorized official or employee mentioned above include reimbursements to the person conducting the review, then another authorized official or employee should be designated to review and approve the payment voucher. However, the alternative reviewer does not have the authority to sign checks or disburse actual cash.

Required Records

Each agency should design and use forms that satisfy the specific requirements of the agency's particular circumstances. The agency's volume and use of machines and computers will be prime factors in developing forms and procedures. The following paragraphs provide criteria for establishing adequate control over cash disbursements. Adherence to these guidelines does not totally fulfill an agency's responsibilities in adequately maintaining internal control over petty cash. Each agency must maintain additional controls to fit its circumstances.

Petty Cash Checking Account Requirements

Agencies with petty cash in excess of \$200.00 must have a petty cash checking account. The agency head or fiscal officer has the authority to open and establish a local checking account for petty cash funds. If feasible, the checking account should be interest bearing. The interest bearing accounts offered by different financial institutions vary. Generally, differences relate to a combination of minimum balance requirements, frequency of use, costs of services and/or checks, and interest rates offered.

If the agency's cost/benefit analysis of these factors justifies establishing an interest bearing account for petty cash funds, interest earned on the account should be deposited as interest earned to the State Treasurer of Virginia quarterly. (Record to the agency and Fund 0100). Follow the Deposit procedures in CAPP Topic No. 20205, "Deposits." Bank service charges and other bank related expenses should be submitted on Petty Cash Reimbursement Vouchers. Checks paid in to the petty cash fund must be properly endorsed following the procedures prescribed by the Treasurer of Virginia. (See CAPP Topic 20205, "Deposits.")

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INTERNAL CONTROL (Continued)

Petty Cash Checking Account Requirements (Continued)

The petty cash checking account or accounts shall be in the name of the agency, not the name of the Treasurer of Virginia. All checks must be serially prenumbered and imprinted with "Petty Cash Fund" and the name of the agency. Checks should be signed only on presentation of satisfactory documentary evidence that the disbursement is proper. A record must be made of every check disbursement.

Outstanding Petty Cash checks over 1 year old are considered abandoned and therefore subject to the Unclaimed Property Act (§ SS-210.9 Code of Virginia). Questions regarding the reporting of these items should be submitted to the Department of Treasury, Division of Unclaimed Property.

Check Register

Each agency must account for every check issued in a check register. The record must show the date issued, the check number, the name of the payee and the amount disbursed. The account to be charged must also be recorded. When the monthly bank statement is received, the record must be marked to indicate which checks have been paid by the bank. Cancelled or carbon copies of checks and bank statements must be kept on file for audit by internal auditors and the Auditor of Public Accounts. Spoiled checks will be marked "VOID" and the signature line obliterated or mutilated. Voided checks will be filed in numerical sequence with cancelled checks. The check register may be headed:

Date Issued	Check No.	Payee	Amount	Account	Cleared Bank
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Bad Check Status Record

A record must be made of every bad check (checks rejected by the bank) in a listing or register. The record must show the check date, name of maker, amount and status of collection. The headings on the "Bad Checks" record may be:

Check Date	Name of Maker	Amount	Status of Collection
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An alternative method of recording bad checks would be to make a photocopy of every bad check. The status of collection and ultimate disposition may be written on the photocopy.

Advance Payment Register

A record must be made of every advance in a listing or register. This record is used in balancing the petty cash fund to the total imprest amount. The record must show the type of advance (temporary travel, permanent travel advance, salary, etc.), the date issued, name of payee, amount disbursed and the date the advance was repaid. The different types of advances should be recorded on separate pages with the following headings:

Type of Advance	Date Issued	Payee	Amount	Date Repaid
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An alternative method of recording advances would be to make a copy of the form requesting the advance. The request form should have spaces to record the payment and repayment information.

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INTERNAL CONTROL (Continued)

Required Receipts

Receipts for all disbursements should be obtained and accompany the request for reimbursement. An acceptable receipt would be the vendor's sales document, such as the original invoice, sales slip or cash register ticket, all of which itemize and identify the items or services purchased, the date, and the amount paid. If the disbursement was made in cash, the sales document should be signed by the vendor or his agent to acknowledge receipt of payment.

Information Returns Reporting Requirements

Payments made to vendors using petty cash funds may be subject to 1099 reporting. The agency is responsible for establishing procedures to ensure that such payments are accumulated with other reportable payments which are paid through the agency's normal payment process. Payments that meet or exceed the IRS dollar reporting thresholds must be reported on an Information Return at calendar year-end. (Refer to CAPP Topic No. 20320, "Information Returns Reporting.")

Cash Frauds and Internal Control

The Agency Fiscal Officer and his agents must be on the alert to detect shortages or irregularities in petty cash or local funds should any exist. The following list should be considered as a reminder of some of the various types of irregularities that may be encountered. Review the following sample listing and ensure that the necessary controls are established to guard against any type of shortage.

- Overstating totals of vouchers in petty cash reimbursements.
- Two payments for the same voucher — one in petty cash and one in regular invoice disbursements.
- False vouchers or receipts for postage, supplies and other expenditures.
- Checks included in petty cash change fund on hand with no intention of depositing in the bank.
- Vouchers, once properly reimbursed, used to support a second reimbursement.
- Withholding recoveries on charged-off bad checks.
- Checks drawn in payment of personal expenses charged to business expense.
- Failure to properly record overpayments on accounts.
- Padding Payrolls - fictitious names or former employees' names.
- Failure to deduct absent time of employees in figuring payroll.

A sound and well-executed plan of internal control reduces shortages and irregularities. On the other hand, inadequate controls are an open invitation to employees to convert the State's cash to their own use. For this reason, the agency fiscal officer and his agents should develop and require any procedures needed for good control in their specific and particular circumstances.


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RECORDS RETENTION

Copies of Petty Cash Reimbursement Vouchers and documentation are to be maintained on file in each agency for 3 years. Agencies and institutions participating in Decentralization of Financial Records must maintain original Petty Cash Reimbursement Vouchers and documentation for a period of 5 years.

DOA CONTACTS

Director, General Accounting

 (804) 225-2244

 gacct@doa.virginia.gov

SUBJECT CROSS REFERENCES

CAPP Topic No. 20205, "Deposits"

CAPP Topic No. 20310, "Expenditures"

| CAPP Topic No. 20320, "Information Returns Reporting"

CAPP Topic No. 20325, "Revenue Refunds"

CAPP Topic No. 20335, "State Travel Regulations"

CAPP Topic No. 20505, "Accounts Receivable"

CAPP Topic No. 60103, "Transaction Codes"

CAPP Topic No. 60111, "Vendor Edit Table"

| CAPP Topic No. 20355, "Purchasing Charge Card"